



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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IN REPLY REFER TO

PPD 730.5.3.1

September 24, 2003
03-PPD-066(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA

SUBJECT: Audit Guidance on Contractor Cost Data Reports (CCDRs)

Summary

This MRD provides guidance on audits of CCDRs, as adopted by the Executive Steering Committee (ESC) at the June 2003 meeting, and transmits a new audit program, audit report shell, and tailored APPS risk assessment working papers (W/Ps B, B-2 and B-3) for use in performing audits of CCDRs. This memorandum expands on and clarifies existing CAM 11-304 guidance related to audits of CCDRs. The audit guidance contained in this memorandum, as well as the enclosed audit program, audit report shell, and tailored APPS risk assessment working papers are effective upon receipt of this memorandum. MRD 03-OWD-041(R), dated July 28, 2003 contained FY 2004 planning guidance for audits of contractor cost data reports (CCDRs).

Background

The Defense Cost and Research Center (DCARC) is the DoD organization responsible for collecting CCDR data and, as such, is the primary customer for audits of contractor CCDRs. The DCARC has increased the focus and emphasis on CCDR reporting within the acquisition community and has identified a need for increased audit assistance in evaluating contractor CCDR submissions.

The primary objectives of the Contractor Cost Data Reports (CCDRs) are to collect projected and actual cost data on selected contracts within acquisition programs to assist DoD procurement activities to: (1) prepare program cost estimates for major system acquisitions reviewed by the Defense Acquisition Board (DAB) and/or DoD Component Acquisition Executive (CAE)); (2) develop independent government contract cost estimates in support of cost and price analyses; and (3) develop estimates to support Analysis of Alternatives (AoAs), Cost as an Independent Variable (CAIV), and long range planning efforts.

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DoD policy, as set forth in DoDI 5000.2, *Operation of the Defense Acquisition System*, and DoD 5000.4-M-1, *Contractor Cost Data Reporting (CCDR) Manual*, specifies the CCDR requirements based on a program's designated acquisition category (ACAT) and the value of contracts within the program. While DoDI 5000.2 specifies which contracts are subject to CCDR reporting, the CCDR reporting requirement must be included in the contract for CCDR to apply. The CCDR reporting requirement is incorporated into the contract through the identification of the CCDR reports in the contract data requirements list (CDRL). Therefore, auditors should review the contract terms, and specifically the CDRL, to determine if a contract is subject to CCDR and to determine which of the CCDR reports the contractor is required to submit.

CCDR Forms

There are three Department of Defense (DD) forms used in CCDR reporting:

(1) The Cost Data Summary Report (DD Form 1921) summarizes all contract activities and reports total costs against each of the work breakdown structure reporting elements specified in the contract. The contractor submits this report as a program estimate in response to a request for proposal at the time of contract award, and as the contract specifies. It provides summary level cost data cumulatively to date and estimated at completion with a breakout of recurring and nonrecurring costs.

(2) The Functional Cost-Hour Report (DD Form 1921-1) identifies comparable functional cost and labor-hour data, for example, engineering, tooling, and manufacturing for the contract and/or selected reporting elements in the contract. A breakout is required for recurring and nonrecurring costs. These reports are also submitted as a program estimate in response to a request for proposal, and as the contract specifies.

(3) The Progress Curve Report (DD Form 1921-2) provides a unit or an average unit cost of the unit or lot accepted during the reporting period. It also gives functional labor-hour and cost data on the average cost of units or lots accepted, the estimate for the next unit or lot, and the estimate to complete the contract. The report includes only recurring costs. The contractor must submit the report as specified in the contract. Contracts that do not provide for deliverable end items or hardware do not require this report, nor do requests for proposals.

Audit Guidance

Audits of CCDRs may be performed under various circumstances. The DCARC will request an audit of the first CCDR submission that includes actual costs under a contract and may request audits of other specific CCDR submissions as necessary. The audit effort requested by the DCARC may also include evaluation of the effectiveness of the contractor's policies and procedures for accumulating data and preparing CCDRs. In addition to requested audits, an annual CCDR surveillance audit should be performed for each contractor with contracts containing CCDR reporting requirements. In this evaluation, select a sample of the contractor's CCDR-covered contracts for testing of report data to assure that the reported data are accurate and

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conform to the requirements of DoD 5000.4-M-1. Coordinate with the DCARC to identify any high risk or sensitive contracts to include in the sample.

Audits of CCDRs should be performed under activity code 17870 using the enclosed program. We have also developed and attached proforma tailored risk assessment working papers (W/Ps B, B-2 and B-3) for use in performing audits of CCDRs. Audit reports should be prepared using the attached audit report shell and the guidance contained in CAM 10-1200. The audit program, audit report shell and proforma tailored risk assessment working papers will be included in the October 2003 APPS release, but are effective with the receipt of this memorandum.

Closing Remarks

Field audit office personnel should refer questions regarding this memorandum to their regional offices. Regions unable to answer, or with questions of their own, should contact Ms. Victoria Post, Program Manager, Policy Programs Division, at (703) 767-2270 or email at DCAA-PPD@dcaa.mil.

/Signed/

Robert DiMucci
Assistant Director
Policy and Plans

Enclosures: 6

1. Audit Program (17870_AP_CCDR.doc)
2. Audit Report Shell (17870_AR_CCDR.doc)
3. W/P B (17870 WP B.doc)
4. W/P B-2 - Contractor with ICAPS (17870 WP B-2 Contractor with ICAPS.doc)
5. W/P B-2 - Contractor with ICQ (17870 WP B-2 Contractor with ICQ.doc)
6. W/P B-3 (17870 WP B-3.doc)

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B-1	Planning Considerations
Purpose and Scope	
<p>This program provides a logical sequence to the audit effort and should reflect a mutual understanding between the auditor and supervisor as to the scope required to meet auditing standards and DCAA objectives for the current assignment. The audit steps in the program are general guidance and should be modified as considered necessary to fit the current audit. Those steps not required should be marked “not applicable” (N/A), lined through, or deleted as appropriate for your FAO. Portions of the audit which are covered in other assignments (e.g., review of accounting system, estimating system, earned value management system) should be referenced at the appropriate place in the program.</p>	
<p>The primary objectives of the Contractor Cost Data Reports (CCDRs) are to collect projected and actual cost data on selected contracts within acquisition programs to assist DoD procurement activities to: (1) prepare program cost estimates for major system acquisitions reviewed by the Defense Acquisition Board (DAB) and/or DoD Component Acquisition Executive (CAE)); (2) develop independent government contract cost estimates in support of cost and price analyses; and (3) develop estimates to support Analysis of Alternatives (AoAs), Cost as an Independent Variable (CAIV), and long range planning efforts. The Defense Cost and Research Center (DCARC) is the DoD organization responsible for collecting CCDDR data and, as such, is the primary customer for audits of contractor CCDDR.</p>	
<p>DoD policy, as set forth in DoDI 5000.2, <i>Operation of the Defense Acquisition System</i>, and DoD 5000.4-M-1, <i>Contractor Cost Data Reporting (CCDDR) Manual</i>, specifies the CCDDR requirements based on a program's designated acquisition category (ACAT). For ACAT ID and IC programs, CCDDR are required on all major contracts and subcontracts, regardless of contract type, that are valued at more than \$50 million (FY 2002 constant dollars). CCDDR reporting is not required for contracts priced below \$7 million. The CCDDR requirement on high-risk or high-technical interest contracts priced between \$7 and \$50 million is left to the discretion of the Cost Working-Level Integrated Product Team (CWIPT). CCDDR reporting may be waived, at the discretion of the Chair, Cost Analysis Improvement Group, for procurement of commercial systems, or for non-commercial systems bought under competitively awarded, firm fixed price contracts, as long as competitive conditions continue to exist. For ACAT II and III, CCDDR reporting requirements are left to the discretion of the DoD components.</p>	
<p>While DoDI 5000.2 designates guidelines specifying which contracts should be covered by CCDDR, the CCDDR requirement must be included in the contract for CCDDR to apply. The CCDDR requirement is incorporated into the contract through the identification of the CCDDR reports in the contract data requirements list (CDRL). Review the contract terms, and specifically the</p>	

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CDRL, to determine if a contract is subject to CCDR and to determine which of the CCDR reports the contractor is required to submit.
DoD 5000.4-M-1 provides detailed guidance related to CCDRs. Chapter 4 of the CCDR Manual provides instructions for contractor preparation of CCDRs, and should be utilized as a reference throughout the audit. The CCDR Manual provides detailed instructions for the contractor relative to reporting requirements for subcontract costs, recurring and nonrecurring costs, and reporting of costs by functional area. Although the substance of the requirements has been incorporated into the audit steps, refer to chapter 4 of the CCDR Manual for the detailed requirements. In addition, the CCDR manual requires contractors to annotate various data in the "Remarks" section of the CCDR forms. Consider this data in the performance of the audit.
Consider the following general guidelines set forth in paragraph C4.2 of the CCDR Manual:
<ul style="list-style-type: none">• Contractors must report all actual and estimated costs, regardless of contract ceiling or contract type (e.g., firm fixed price). This requirement may result in reported costs being higher than costs actually paid for by the government.
<ul style="list-style-type: none">• All contractor data sources should be used. However, there will be occasions when the contractor cannot, without a major effort or major change to its accounting system, provide the data in the requested format. Under these circumstances (e.g., when a contractor's accounting system does not aggregate to a specified cost category), the contractor should provide a best estimate. The contractor should provide the basis for the estimate in the "Remarks" section of the appropriate report.
The purpose of the audit is to evaluate the effectiveness of the contractor's policies, procedures, and practices to produce data compatible with the objectives of CCDR, and make selective tests of reported data. This audit program may be used to perform the annual evaluation of the effectiveness of the contractor's policies and procedures for accumulating data and preparing CCDRs (see CAM 11-306.8) or other audits as requested by the DCARC. Included are audit steps for evaluation of the contractor's policies and procedures and audit steps pertaining to each of the three CCDR reports (DD Forms 1921, 1921-1 and 1921-2). Use those sections of the audit program appropriate for the nature of the audit being performed.
The scope of a CCDR audit depends on how much reliance can be placed on the contractor's CCDR-related accounting and estimating system internal controls. If the results of prior audits and the preliminary steps indicate low audit risk, audit scope should be reduced accordingly. This decision must reflect a mutual understanding between the auditor and supervisor as to the scope required to meet auditing standards and DCAA objectives for the current assignment. This program does not replace individual auditor judgment and may be supplemented to satisfy the needs of a particular assignment.

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References
1. CAM 11-306 – Contractor Cost Data Report (CCDR)
2. CAM 10-1200 – Audit Reports on Other Areas
3. DoD 5000.4-M-1 – Contractor Cost Data Reporting (CCDR) Manual (located at the CCDR homepage at http://dcarc.pae.osd.mil/)
4. DoDI 5000.2 - Operation of the Defense Acquisition System

B-1	Preliminary Steps	WP Reference
1.	Review permanent files and prior audit files for background information and any audit leads or prior findings that would impact the current audit. Determine whether the contractor's CCDR policies and procedures have previously been evaluated.	
2.	Understanding and Evaluating the Contractor's Internal Control Structure	
	a. Review the Internal Control Audit Planning Summaries (ICAPS) (or ICQ for nonmajor contractor where ICAPS have not been completed) to obtain and document an understanding of the estimating system and any other applicable internal control systems the contractor may have (e.g., labor, MMAS). Identify any deficiencies which would impact the audit and document their potential impact on each significant cost element contained in the CCDR.	
	b. If the contractor is classified as nonmajor (where ICAPS have not been completed) and if the evidential matter to be obtained during the audit is highly dependent on computerized information systems, document on working paper B-2 the audit work performed that supports reliance on the computer-based evidential matter. Specifically, document or reference one or more of the following in working paper B-2:	
	(1) the audit assignment(s) where the reliability of the data was sufficiently established in other DCAA audits,	
	(2) the procedures/tests that will be performed in this audit to evaluate the incurred costs that will also support reliance on the evidential matter, and/or	

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(3) the tests that will be performed in this audit that will be specifically designed to test the reliability of the computer-based data.	
When sufficient work is not performed to determine reliability (i.e., reduce audit risk to an acceptable level), qualify the audit report in accordance with CAM 10-210.4 and 10-1204.4.	
3. For demand audits, coordinate with the requester to identify any areas of specific concern.	
4. For the annual audit of the effectiveness of the contractor's system and related policies and procedures for preparing CCDRs, select a sample of the contractor's CCDR-covered contracts for testing of report data. Coordinate with the DCARC to identify any high risk or sensitive contracts to include in the sample.	
5. In planning and performing the examination, consider the fraud risk indicators specific to the audit. The principal sources for the applicable fraud risk indicators are: <ul style="list-style-type: none">• Handbook on Fraud Indicators for Contract Auditors, Section IV. (IGDH 7600.3, APO March 31, 1993) located at www.dodig.osd.mil/PUBS/index.html• CAM Figure 4-7-3	
Document in working paper B any identified fraud risk indicators and your response/actions to the identified risks (either individually or in combination). This should be done at the planning stage of the audit, as well as during the audit if risk indicators are disclosed. If no risk indicators are identified, document this in working paper B.	
6. Brief the contract(s), including the Contract Data Requirements List (DD Form 1423-1) and the approved CCDR plan, to determine the specific CCDR requirements that have been incorporated into the contract(s). If the contract does not include the approved CCDR plan, contact the DCARC to obtain a copy of the approved contract CCDR plan.	
7. Perform a preliminary review of the CCDR forms to determine whether the contractor has complied with the contract, including the approved contract CCDR plan, and CCDR Manual (paragraph C2.2.3.12) requirements regarding timing of submittal, which reports to submit, and format for the required reports.	
8. Determine if a technical evaluation of the contractor's reported incurred cost or estimate at completion is required. For example, a technical evaluation may be required to analyze the reported	

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classification of recurring and nonrecurring costs, classification of cost by functional area, calculation of equivalent units, or the contractor's estimate at completion. If required, request assistance and coordinate with the contracting officer to determine whether the results will be available for incorporation into the audit.	
9. Arrange for and conduct an entrance conference with the contractor representative(s) responsible for CCDRs. (Note: The DCARC would like to be invited to the entrance conference; however, the auditor should not delay the entrance conference based on the availability of the DCARC representative.) Obtain the data necessary to begin the audit, including:	
a. Copies of the contractor's CCDR policies and procedures.	
b. Identification of any changes in the contractor's CCDR system since the last evaluation.	
c. Status of corrective actions taken on prior reported deficiencies.	
d. Job cost ledgers/reports covering the same time period as the CCDR reports.	
e. Supporting documentation for the estimated breakout of costs by recurring/non-recurring, estimated breakout of costs by functional category, and estimates of unit costs, if applicable.	
f. Supporting documentation for reported subcontract costs, if applicable.	
g. Other contract management reports (e.g., CPR, C/SSR, etc.) covering the same time period as the CCDR reports on the same contract.	
10. If there are any subcontract costs included in the contractor's CCDR reports, determine the status of the subcontractor(s) in terms of CCDR reporting in order to identify the source of subcontract cost data and identify the potential need for assist audit. Subcontractor reporting status may be classified as follows:	
• Reporting - provides CCDR reports to the prime contractor;	
• Direct report - provides CCDR reports directly to the DCARC; or	
• Non-reporting - no CCDR reporting requirement	
11. Summarize the results of the risk assessment and preliminary audit steps and document the scope of audit.	

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C-1	Evaluation of CCDR System Policies And Procedures	WP Reference
	1. Have the contractor provide an overview of its CCDR system and related policies and procedures, including any changes since the last evaluation.	
	2. Evaluate the contractor's corrective actions taken on any prior reported deficiencies.	
	3. Evaluate the adequacy of the contractor's policies and procedures. The CCDR policies and procedures should provide for:	
	a. A system to identify contracts that contain CCDR requirements.	
	b. Compliance with contractual and CCDR Manual requirements regarding timing, content, format, and submission of CCDRs.	
	c. Preparation of CCDRs by appropriate contractor personnel.	
	d. Review and approval of CCDRs by an appropriate level of contractor management.	
	e. Flowdown of CCDR requirements to subcontractors, as appropriate, including the frequency, timing, content, and submission of subcontractor CCDR reporting consistent with the prime contract requirements.	
	f. Accumulation of incurred cost by recurring and nonrecurring, as defined in chapter 5 of the CCDR Manual and the contract WBS dictionary, as applicable. If the contractor's system cannot accumulate cost by recurring and nonrecurring without major effort or major change, the contractor's policies and procedures should provide a reasonable and consistent method for estimating the breakout of costs between recurring and nonrecurring.	
	g. Accumulation of incurred cost by functional area, as defined in chapter 5 of the CCDR Manual. If the contractor's system cannot accumulate cost by functional area without major effort or major change, the contractor's policies and procedures should provide a reasonable and consistent method for estimating the breakout of costs by functional area.	
	h. Accumulation of cost by unit or lot. If the contractor's system cannot accumulate cost by unit or lot without major effort or major change, the contractor's policies and procedures should provide a reasonable and consistent method for estimating the unit or lot costs.	

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i. Incorporation of subcontractor data in accordance with the requirements of chapter 4 of the CCDR Manual.	
j. Preparation of Estimates to Complete (ETCs) and Estimates at Completion (EACs) consistent with established estimating system policies and procedures and the requirements of chapter 4 of the CCDR Manual.	
4. Test the contractor's implementation of CCDR policies and procedures and related internal controls using the audit steps in sections D through F.	
5. Determine if additional audit steps or an increase in substantive testing are required as a result of the evaluation of the contractor's CCDR policies and procedures and related internal controls. Adjust the scope of the remainder of the audit as appropriate.	
6. Document any noted deficiencies and discuss with the contractor. Provide the contractor with a draft statement of condition and recommendation and obtain the contractor's corrective action.	

D-1	Evaluation of Cost Data Summary Report (DD Form 1921)	WP Reference
1.	Reconcile the amounts reported in column F, total incurred cost to date, to the contractor's job cost ledger or other relevant accounting data.	
2.	Verify the contractor has complied with the instructions in paragraph C4.3.1.15 of the CCDR Manual pertaining to reporting of recurring and non-recurring costs:	
	<ul style="list-style-type: none">• When the total recurring cost on a contract is estimated to be 95 percent or more of the total estimated cost, all costs are reported as recurring.	
	<ul style="list-style-type: none">• When the total nonrecurring cost on a contract is estimated to be 95 percent or more of the total estimated cost, all costs are reported as nonrecurring.	
	<ul style="list-style-type: none">• When neither the recurring nor nonrecurring cost on a contract is estimated to be 95 percent or more of the total estimated cost, the breakout between recurring and nonrecurring must be reported.	
3.	If the contractor's accounting system accumulates incurred costs by recurring and nonrecurring, trace the amounts to the accounting system and selectively verify to source documentation. Request technical assistance as necessary.	

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4. If the contractor's accounting system does not accumulate cost by recurring and nonrecurring	
a. Verify the reported split between recurring and nonrecurring to the contractor's supporting documentation.	
b. Ensure the contractor has estimated the split between recurring and nonrecurring cost in accordance with its established policies and procedures and the contract specific WBS dictionary, as applicable.	
c. Selectively test the contractor's estimates for reasonableness. Request technical assistance as necessary.	
5. Evaluate the contractor's inclusion of subcontract costs, if applicable, for compliance with the requirements of paragraph C4.3.1.15 of the CCDR manual:	
<ul style="list-style-type: none">• Where the subcontractor reports CCDR data to the prime contractor, the prime contractor must incorporate the subcontractor data in its report, including the recurring/nonrecurring split if the prime contractor is required to breakout recurring and nonrecurring costs.	
<ul style="list-style-type: none">• Where the subcontractor reports CCDR data directly to the DCARC, the prime contractor is only required to report the subcontractor's total costs incurred and estimates at completion.	
<ul style="list-style-type: none">• Where the subcontractor is not required to submit CCDR data, the prime contractor is required to report the subcontractor's total costs incurred and estimate at completion, and estimates of the breakout between recurring and nonrecurring if the prime contractor is required to breakout recurring and nonrecurring costs.	
6. Verify the reported subcontract costs to the contractor's supporting documentation.	
7. Evaluate the contractor's estimate at completion:	
a. Determine the contractor's methodology for preparing its EAC.	
b. Verify the EAC was prepared in accordance with the contractor's established policies and procedures.	
c. Verify the EAC reflects total estimated cost without regard for contract ceilings or contract price (i.e., firm fixed price).	
d. Verify the EAC reflects the contractor's best estimate for performing currently authorized work plus any additional directed work for which execution or negotiation of amendments is pending. This also includes work not formally included in the contract price.	

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e. Selectively test the EAC amounts for reasonableness.	
f. Request technical assistance as necessary.	
8. Ensure the contractor has reported total contract software cost to date and at completion, if applicable, in the "Remarks" section, as required by paragraph C4.3.1.18 of the CCDR Manual. Verify the reported cost to the contractor's accounting system and any other relevant supporting documentation.	
9. Compare the reported costs incurred to date and estimate at completion to other contract management reports (e.g., CPR, C/SSR, etc.) covering the same time period as the CCDR reports and have the contractor explain any significant differences.	
10. Ensure all incurred and estimated costs have been included in the CCDR.	

E-1	Evaluation of Functional Cost-Hour Report (DD Form 1921-1)	WP Reference
1.	The functional cost-hour report may be required for both the total contract and for selected WBS elements. Review the contract, including the approved contract CCDR plan, to determine the level of reporting required. Verify that the contractor has complied with the contractual requirement.	
2.	Verify that the contractor has complied with the instructions in paragraph C4.3.2.1.6 of the CCDR Manual pertaining to reporting of recurring and non-recurring costs:	
	<ul style="list-style-type: none">When the total recurring cost on a contract, or on a WBS element subject to separate reporting, is estimated to be 95 percent or more of the total estimated cost, the contractor is required to submit one report showing total costs, marking Form 1921-1, Item 6, as "recurring" and annotating the "Remarks" section of the form to indicate that the data reflects total costs.	
	<ul style="list-style-type: none">When the total nonrecurring cost on a contract, or on a WBS element subject to separate reporting, is estimated to be 95 percent or more of the total estimated cost, the contractor is required to submit one report showing total costs, marking Form 1921-1, Item 6, as "nonrecurring" and annotating the "Remarks" section of the form to indicate that the data reflects total costs.	
	<ul style="list-style-type: none">When neither the recurring nor nonrecurring cost on a contract, or on a WBS element subject to separate reporting, is estimated to be	

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95 percent or more of the total estimated cost, the contractor must submit separate reports for recurring and nonrecurring costs.	
3. Evaluate any adjustments to previous reporting period totals (reported in “column a” and explained in the “Remarks” section) for reasonableness and appropriateness. Request technical assistance as necessary.	
4. Reconcile the total (recurring and nonrecurring) reported incurred cost to date and incurred labor hours to date to the contractor's job cost ledger or other relevant accounting data. Request technical assistance as necessary.	
5. Reconcile the total reported incurred cost to date and at completion to the amounts reported on Form 1921, if applicable.	
6. If the contractor's accounting system accumulates incurred costs and incurred labor hours by functional area, trace the amounts to the accounting system and selectively verify to source documentation. Request technical assistance as necessary.	
7. If the contractor's accounting system does not accumulate cost and hours by functional area:	
a. Verify the reported split by functional area to the contractor's supporting documentation.	
b. Ensure the contractor has estimated the split between functional areas in accordance with its established policies and procedures.	
c. Selectively test the contractor's estimates for reasonableness. Request technical assistance as necessary.	
8. If the contractor's accounting system accumulates incurred costs and labor hours by recurring and nonrecurring, trace the amounts to the accounting system and selectively verify to source documentation. Request technical assistance as necessary.	
9. If the contractor's accounting system does not accumulate cost and labor hours by recurring and nonrecurring:	
a. Verify the reported split between recurring and nonrecurring to the contractor's supporting documentation.	
b. Ensure the contractor has estimated the split between recurring and nonrecurring cost in accordance with its established policies and procedures and WBS dictionary, as applicable.	
c. Selectively test the contractor's estimates for reasonableness. Request technical assistance as necessary.	
10. Evaluate the contractor's inclusion of subcontract costs, if applicable, for compliance with the requirements of paragraph C4.3.2.2.12 of the	

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CCDR manual:	
<ul style="list-style-type: none">• Where the subcontractor reports CCDR data to the prime contractor, the prime contractor must incorporate the subcontractor data in its report.	
<ul style="list-style-type: none">• Where the subcontractor reports CCDR data directly to the DCARC, the prime contractor is only required to report the subcontractor's total costs incurred and estimates at completion. The data is reported in the "remarks" section of Form 1921-1.	
<ul style="list-style-type: none">• Where the subcontractor is not required to submit CCDR data, the prime contractor is required to report the subcontractor's total costs incurred and estimates at completion, and estimates of the total costs by functional area. For nonreporting Airframe subcontractors, the prime contractor is also required to estimate the subcontractor's costs by element within the functional categories. (Note: Refer to the contract CCDR plan and contract WBS dictionary to identify Airframe WBS elements.)	
11. Verify the reported subcontract costs to the contractor's supporting documentation.	
12. Evaluate the contractor's estimate at completion:	
a. Determine the contractor's methodology for preparing its EAC.	
b. Verify the EAC was prepared in accordance with the contractor's established policies and procedures.	
c. Verify the EAC reflects total estimated cost without regard for contract ceilings or contract price (i.e., firm fixed price).	
d. Verify the EAC reflects the contractor's best estimate for performing currently authorized work plus any additional directed work for which execution or negotiation of amendments is pending. This also includes work not formally included in the contract price.	
e. Selectively test the EAC amounts for reasonableness.	
f. Request technical assistance as necessary.	
13. Compare the reported costs incurred to date and estimate at completion to other contract management reports (e.g., CPR, C/SSR, etc.) covering the same time period as the CCDR reports and have the contractor explain any significant differences.	
14. Ensure all incurred and estimated costs have been included in the CCDR.	

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F-1	Evaluation of Progress Curve Report (DD Form 1921-2)	WP Reference
1.	The progress curve report shows only actual and estimated to complete recurring costs and hours by unit or lot for selected reporting elements. Review the contract, including the approved contract CCDR plan, to determine the specific reporting requirements.	
2.	If the contractor's accounting system accumulates incurred cost by unit or lot, trace the reported incurred hours and cost for accepted units or lots to the accounting system and selectively verify to source documentation.	
3.	If the contractor's accounting system does not accumulate cost by unit or lot:	
a.	Verify the estimated unit or lot cost and labor hours to the contractor's supporting documentation.	
b.	Ensure the contractor has estimated the unit or lot cost in accordance with its established policies and procedures.	
c.	Selectively test the contractor's estimates for reasonableness. Request technical assistance as necessary.	
4.	If the contractor's accounting system accumulates incurred costs by recurring and nonrecurring, trace the reported recurring amounts for accepted units or lots to the accounting system and selectively verify to source documentation. Request technical assistance as necessary.	
5.	If the contractor's accounting system does not accumulate cost by recurring and nonrecurring:	
a.	Verify the reported recurring cost and labor hours to the contractor's supporting documentation.	
b.	Ensure the contractor has estimated the recurring cost in accordance with its established policies and procedures and the WBS dictionary, as applicable.	
c.	Selectively test the contractor's estimates for reasonableness. Request technical assistance as necessary.	
6.	If the contractor's accounting system accumulates incurred costs by functional area, trace the reported amounts for accepted units or lots to the accounting system and selectively verify to source documentation. Request technical assistance as necessary.	
7.	If the contractor's accounting system does not accumulate cost and labor hours by functional area:	
a.	Verify the split by functional area to the contractor's supporting documentation.	
b.	Ensure the contractor has estimated the split between functional areas in accordance with its established policies and procedures.	

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c. Selectively test the contractor's estimates for reasonableness. Request technical assistance as necessary.	
8. Evaluate the contractor's inclusion of subcontract costs, if applicable, for compliance with the requirements of paragraph C4.3.3.2.6 of the CCDR manual:	
<ul style="list-style-type: none">• Where the subcontractor reports CCDR data to the prime contractor, the prime contractor must incorporate the subcontractor data in its report.	
<ul style="list-style-type: none">• Where the subcontractor reports CCDR data directly to the DCARC, the prime contractor is only required to report the subcontractor's total costs incurred and estimates at completion. The data is reported in the "remarks" section of Form 1921-2.	
<ul style="list-style-type: none">• Where the subcontractor is not required to submit CCDR data, the prime contractor is required to report the subcontractor's total costs incurred and estimates at completion, and to estimate the distribution of the costs across each of the line items in the subcontractor section of Form 1921-2.	
9. Verify the reported subcontract costs to the contractor's supporting documentation.	
10. Evaluate the contractor's estimate to complete (ETC) for the next unit or lot to be accepted (column F) and the remaining units (column G):	
a. Determine the contractor's methodology for preparing its ETC.	
b. Verify the ETC was prepared in accordance with the contractor's established policies and procedures.	
c. Verify any incurred recurring cost included in the ETCs to the accounting system or other relevant supporting documentation (as described in steps 2 through 9, above).	
d. Verify that the ETC reflects total estimated cost without regard for contract ceilings or contract price (i.e., firm fixed price).	
e. Verify that the ETC reflects the contractor's best estimate for performing currently authorized production units.	
f. Selectively test the ETC amounts for reasonableness	
g. Request technical assistance as necessary.	
11. Reconcile the sum of columns A through E to the amounts reported as incurred to date recurring cost for the reporting element on Form 1921, if applicable. Have the contractor reconcile any significant variances.	
12. Reconcile the sum of columns A through G to the amounts reported as estimated recurring cost at completion for the reporting element on Forms 1921 and 1921-1, if applicable. Have the contractor reconcile any significant variances.	
13. Ensure all incurred and estimated recurring costs have been included in the CCDR.	

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A-1	Concluding Steps	WP Reference
	1. Summary Steps	
	a. Discuss the audit findings with the supervisor.	
	b. Prepare a draft report in accordance with CAM 10-1200 and 11-306.	
	c. Conduct an exit conference with the contractor in accordance with CAM 4-304.	
	d. Finalize the audit report incorporating the contractor's response, if applicable, and audit rejoinder.	
	e. Update the permanent file in accordance with CAM 4-405.1b (MAAR #3).	
	f. If the auditor has encountered information that constitutes evidence or raises suspicion that fraud or other illegal acts have occurred, refer such suspicion by completing a DCAA Form 2000 (see CAM 4-702.4 and 5).	
	2. Closing Actions	
	Closing actions should be performed in accordance with FAO procedures. These procedures may require either auditors or administrative personnel to perform various closing steps. Completion of these closing actions should be documented (e.g., by initials and date on the CD or working paper folder, etc.) and should include:	
	a. Once an audit report is signed, the electronic document should immediately be modified to indicate who signed it, and it should be password protected. The electronic file should then be renamed according to the convention "01 DCAA Report [RORG_ASSIGNMENT NO.] – Final.doc" and changed to a read-only file. Only this file should be stored, transmitted, or otherwise used for official purposes.	
	b. Once the report is signed, the signature page of the audit report must be scanned in accordance with Agency standard scanning instructions. For audit packages, the scanned signature page file	

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should be named the same as the audit report (see above) with “-sig” added (i.e., 01 DCAA Report 01101-2002X10100389-Final-sig.tif). There is no requirement to make the file a part of the APPS generated executable file and it may be included separately on the CD containing the APPS generated executable file.	
c. Ensure an electronic copy of the final draft audit report containing the supervisory auditor’s initials and date on the top page, cross-referenced to the working papers, is included in the working paper package. The final draft report should include all substantive changes made to the original draft, with cross-referencing updated as necessary. It should differ from the final report only due to minor administrative changes (spelling, format, etc.) made during final processing.	
d. Include an electronic version of the acknowledgement letter in the audit working paper package.	
e. Ensure all working paper files are "read only" and, if necessary, compressed for final storage. Generally, current Agency software should be used to automatically modify all electronic files for storage.	
f. Two complete sets of electronic working papers must be prepared. The "original" set should be stored in the working paper package. The "archive" set is to be stored separately from the working paper package on a single session CD-ROM. If there will be a short-term need to access the working papers, a third, or "working" set should be stored so as to be available for reference, generally on the LAN. This set should be deleted when no longer needed.	
g. Verify that electronic files stored on removable media are not corrupted and can be unarchived.	
h. Securely enclose the “original” set of electronic files in the working paper package.	



DEFENSE CONTRACT AUDIT AGENCY

AUDIT REPORT NO. XXXX-XXXXX17870XXX



[date]

PREPARED FOR: Director, Defense Cost and Resource Center
1111 Jefferson Davis Highway
West Tower, Suite 500
Arlington, VA 22202

THRU Administrative Contracting Officer
ATTN:
[Address]

PREPARED BY: [FAO Name]
[FAO Address]
Telephone No.
FAX No.
E-mail Address dcaa-faoxxx@dcaa.mil

SUBJECT: Report on Audit of [Contractor Cost Data Reporting Policies and Procedures and] Contractor Cost Data Reports (CCDRs)
DD Form(s) [1921, 1921-1, and 1921-2]

REFERENCES: [Contract No(s).]

CONTRACTOR: [Contractor Name]
[Contractor Address]

REPORT RELEASE RESTRICTIONS: See Page [number]

Page

CONTENTS: Subject of Audit
Executive Summary
Scope of Audit
Results of Audit
Contractor Organization and Systems
DCAA Personnel and Report Authorization
Audit Report Distribution and Restrictions
Appendixes

Audit Report No. [XXXX-XXXXX17870XXX]

SUBJECT OF AUDIT

If the audit combines an evaluation of the CCDR policies and procedures and an evaluation of the accuracy of CCDRs submitted by the contractor, use the following subject of audit, modified as appropriate.

[For a self initiated audit: As part of our continuing surveillance of [contractor's name, (short name)]] [For a demand audit: In response to your [date] request], we examined [contractor's name or short name] policies and procedures for the preparation of Contractor Cost Data Reports (CCDRs). In addition, we examined [contractor's name, or short name] CCDR(s), [DD Form(s) 1921, 1921-1 and 1921-2] as of [as of date] dated [date], under [contract number.] The purpose of the examination is to determine if the contractor's CCDR policies and procedures meet the intent of the CCDR requirements contained in DoDI 5000.2, DoD 5000.4.M-1, and the CCDR Manual, and to determine if the CCDR system generates accurate data. An additional purpose of the examination is to verify the accuracy of the data reported in [DD Forms 1921, 1921-1, and 1921-2] as of [as of date] dated [date] to the contract and to [contractor's] books and records, and to evaluate the reasonableness of the contractor's estimates at completion (EAC).

[Contractor name] is responsible for establishing and maintaining policies and procedures that comply with the CCDR requirements. Our responsibility is to express an opinion on whether the financial and accounting data reported by the contractor complies with the CCDR requirements based on our examination.

If the audit does not include an evaluation of the CCDR policies and procedures, but is limited to a review of the accuracy of CCDRs submitted by the contractor, use the following subject of audit, modified as appropriate.

[For a self initiated audit: As part of our continuing surveillance of [contractor's name, (short name)]] [For a demand audit: In response to your [date] request], we examined [contractor's name, or short name] Contractor Cost Data Reports (CCDRs), [DD Form(s) 1921, 1921-1 and 1921-2] as of [as of date] dated [date], under [contract number.] The purpose of the examination is to verify the accuracy of the data reported in [DD Forms 1921, 1921-1, and 1921-2] as of [as of date] dated [date] to the contract and to [contractor's] books and records, and to evaluate the reasonableness of the contractor's estimates at completion (EAC).

[Contractor name] is responsible for preparing accurate CCDRs. Our responsibility is to express an opinion on the CCDR(s) based on our examination.

FOR OFFICIAL USE ONLY

EXECUTIVE SUMMARY

This section gives a brief overview of the audit findings. It briefly describes the audit opinion, recommendations, and the significant issues supporting the opinion. Refer to 10-1204.2, 10-210.2 and 10-304.2 for additional information and examples.

SCOPE OF AUDIT

Except for the qualifications noted below, *[omit if the report is not rendering a qualified opinion and there is no “Qualifications” section within the “Scope” paragraph]* we conducted our examination in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the data and records examined are free of material misstatement. An examination includes:

- evaluating the contractor's internal controls, assessing control risk, and determining the extent of audit testing needed based on the control risk assessment;
- examining, on a test basis, evidence supporting the amounts and disclosures in the data and records evaluated;
- assessing the accounting principles used and significant estimates made by the contractor;
- evaluating the overall data and records presentation; and
- determining the need for technical specialist assistance *[and quantifying the results of a government technical evaluation]*.

We evaluated financial and accounting data related to the contractor's CCDR reporting using the applicable requirements contained in:

- Federal Acquisition Regulation (FAR);
- Defense FAR Supplement (DFARS);
- Cost Accounting Standards (CAS);
- DoDI 5000.2, *Operation of the Defense Acquisition System*; and
- DoD 5000.4.M-1, *Contractor Cost Data Reporting (CCDR) Manual*.

However, we did not perform the customary auditing procedures to determine the allowability of costs under FAR Part 31 and the DFARS since such procedures will be performed to establish the final contract price, if required. We believe that our audit provides a reasonable basis for our opinion. Our audit scope reflects our assessment of control risk and includes audit tests designed to provide a reasonable basis for our opinion.

During our examination, we tested the financial data contained in the CCDR reports generated by the contractor's system *[omit for reports on requested audits of individual cost reports]*:

- [Contract No.], [DD Form 1921-1, 1921-1, and/or 1921-2] as of [as of date] dated [date];

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- [Contract No.], [DD Form 1921-1, 1921-1, and/or 1921-2] as of [as of date] dated [date];
- [Contract No.], [DD Form 1921-1, 1921-1, and/or 1921-2] as of [as of date] dated [date], and
- [Contract No.], [DD Form 1921-1, 1921-1, and/or 1921-2] as of [as of date] dated [date].

[Summarize the contractor's internal control systems for the audit area being reviewed, using the guidelines provided in CAM 10-210.3f].

We believe that our examination provides a reasonable basis for our opinion. The scope of our examination reflects our assessment of control risk and includes audit tests designed to provide a reasonable basis for our opinion.

QUALIFICATIONS:

Any factors that restrict or limit the scope of the audit should be clearly described within the scope of audit section under a separate heading entitled "Qualifications." Identify any circumstances encountered which have a significant adverse effect on the audit or results. (See 10-1204.4 and 10-210.4).

RESULTS OF AUDIT

This section summarizes the audit findings and gives an opinion as to whether the CCDR policies and procedures, if evaluated in this review, are adequate, and whether the CCDRs evaluated are accurate and supported by the contractor's books and records. This section also describes in detail any significant issues supporting the audit opinion. This section should summarize the conditions and recommendations found during the audit. The results related to the evaluation of the CCDR policies and procedures should be reported consistent with the guidance in 10-400. The results related to the CCDR reports should be presented in exhibit format and should include explanatory notes in the structured note format, consistent with the guidance at 10-210.6. Refer to 10-1204.5 and 10-210.5d for additional information.

[Conclude the Results of Audit section of the report narrative with the following additional remarks, as appropriate.]

We discussed the results of our examination with [Name and Title of contractor representative] in an exit conference held on [date]. [If there are deficiencies, summarize the contractor's reaction here.] [If the evaluation requires a Statement of Condition(s) and Recommendation(s) be furnished to the contractor, include the following statement]. We provided a draft copy of the [Results of audit and Statement of condition(s) and Recommendation(s)] to the contractor's representative at the exit conference. [When the contractor provides a formal, written response, it should be referenced within the Results of

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audit section and included as an appendix to the report. Put any rebuttals in the “Auditor Response” portion of the explanatory notes and include the following statement.] The complete text of the contractor’s response appears as Appendix [x].

[Use the guidelines provided in 10-210.5e(2) to prepare any other additional remarks.]

CONTRACTOR ORGANIZATION AND SYSTEMS

This section should furnish pertinent information necessary for the reader to understand the area reviewed. This information should be classified under separate subheadings for the organization and individual system(s). Refer to 10-1204.6 and 10-210.7 for additional information and examples.

Audit Report No. [XXXX-XXXXX17870XXX]

DCAA PERSONNEL

Telephone No.

Primary contacts regarding this audit:

[name]
[name]

[number]
[number]

Other contacts regarding this report

[name]

[number]

FAX No.

[Fax number]

E-mail Address

dcaa-faoxxx@dcaa.mil

General information on audit matters is available at <http://www.dcaa.mil/>.

RELEVANT DATES

Use this section in demand assignments. These should include, at a minimum, the dates of the DCARC request and the dates of any extensions. The format should facilitate computation of elapsed days (see 10-211 and Fig. 10-2-3).

AUDIT REPORT AUTHORIZED BY:

[Name]
[Title]
[FAO]

AUDIT REPORT DISTRIBUTION AND RESTRICTIONS

DISTRIBUTION

All recipients of the audit report will be identified in this section of the report. See 10-212 and 11-306.9 for additional information.

Administrative Contracting Officer
ATTN:
[Address]

Email Address
[email address]

Defense Cost and Resource Center
1111 Jefferson Davis Highway
West Tower, Suite 500
Arlington, VA 22202

ccdrpo@osd.mil

RESTRICTIONS

1. Information contained in this audit report may be proprietary. It is not practical to identify during the conduct of the audit those elements of the data which are proprietary. Make proprietary determinations in the event of an external request for access. Consider the restrictions of 18 U.S.C. 1905 before releasing this information to the public.
2. Under the provisions of Title 32, Code of Federal Regulations, Part 290.7(b), DCAA will refer any Freedom of Information Act requests for audit reports received to the cognizant contracting agency for determination as to releasability and a direct response to the requestor.

Insert 3 if appropriate, if 3 is not used renumber 4 below.

3a. If there are subcontracts and the subcontractors do not object to release:

[Subcontractor name] does not object to release of this report to authorized representatives of [higher-tier contractor name]. See Appendix ___ for a copy of the subcontractor's release statement.

3b. If there are subcontracts and the subcontractors object to release:

[Subcontractor's name] objects to release of this report to the higher-tier contractor, [higher-tier contractor name], because [briefly summarize the reason(s) for the subcontractor's objection. If applicable, identify the specific information the subcontractor does not want released]. Therefore, keep report information within government channels except to the extent that the subcontractor grants permission for its release. See Appendix ___ for a copy of the subcontractor's statement of objection to the release.

3c. If the technical evaluator objects to release of his/her evaluation:

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Do not release the government technical evaluation report included as Appendix __ of our report to [*contractor or subcontractor name*] without approval of [*name of government agency supplying technical report*].

4. Do not use the information contained in this audit report for purposes other than action on the subject of this audit without first discussing its applicability with the auditor.

[Contractor Name]
[City, ST]

Proforma Workpaper CCDR Audits
REVIEW OF RELEVANT INTERNAL CONTROL DATA

Summary of Risk Assessment/Preliminary Audit Steps

1. Audit Report Paragraph on Internal Controls/Control Risk:

Document your understanding of internal controls on w/p B-2 (preliminary audit step 2 from w/p B-1). Based on the audit work documented on w/p B-2, prepare the audit report paragraph describing how the contractor's systems of internal controls and the auditor's assessment of control risk affect the scope of audit (CAM 10-210.3 and 10-1204.3).

2. Materiality and Sensitivity:

Document below significant materiality and sensitivity factors (such as contract type, dollar value, customer concerns, sensitivity/visibility of the program, existence of subcontracts and their reporting status (i.e., reporting, direct report, or non-reporting), specific contractual requirements, etc.). Where the identified risk factor will affect the submission being audited, document in Section 6 below the impact on the scope of audit for the policies and procedures or reports being audited. (This summarizes completion of preliminary audit steps 3, 4, and 10 from w/p B-1.)

3. Inherent Risk Assessment:

Document below significant inherent risk factors (such as prior audit findings, prior government contract experience, type of ownership of company, financial condition, accounting changes, CAS compliance, etc.). Where the identified risk factor will affect the submission being audited, document in Section 6 below the impact on the scope of audit for the policies and procedures or reports being audited. (This summarizes completion of preliminary audit step 1 from w/p B-1.)

4. Fraud Risk Assessment:

Document below any identified fraud risk indicators and your response/actions to those identified risk indicators (either individually or in combination). If no risk indicators are identified, document this below. (This documents completion of preliminary audit step 5 from w/p B-1.)

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5. Results of Other Preliminary Audit Steps:

Identify other areas of disclosed risk resulting from the other preliminary risk assessment procedures (e.g., assessment of the need for technical assistance, preliminary review of the CCDR forms, preliminary coordination with the contractor, etc.). (This summarizes completion of preliminary audit steps 7, 8, and 9 from w/p B-1.)

6. Results of Risk Assessment/Preliminary Audit Steps & Scope of Audit

Based on completing steps 1-5 above, document the scope of audit to be performed. For risk factors identified, reference where the risk factor is documented (i.e., steps 1-5, above) and describe the impact on the audit scope. (This summarizes completion of preliminary audit step 11 from w/p B-1)

a. Evaluation of Policies and Procedures

Describe the nature and extent of testing of CCDR policies and procedures to be performed in the audit based on the risk assessment.

b. Testing of Report Data

Identify the contracts and specific CCDR reports selected for evaluation and describe the scope of audit to be performed.

Contract No.	Type(s) of Reports Required	Report Period	Scope of Audit

REVIEWER'S APPROVAL AND DATE:

(Reviewer's Approval)

Enclosure 3

[Contractor Name]

[City, ST]

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OTHER REVIEWER AND DATE:

(If Applicable)

[Contractor Name]
[City, ST]

Proforma Workpaper CCDR Audits
REVIEW OF RELEVANT INTERNAL CONTROL DATA

1. Internal Control Audit Planning Summaries

For each system where an internal control audit has been performed, document in the table below the assessed level of substantive testing for the “contract reporting” audit area from Section IV of the most current Internal Control Audit Planning Summaries (ICAPS).

		Level of Substantive Testing		Lead W/P Reference(s)
		<u>Minimum</u>	<u>Increased</u>	
1.	Control Environment			
2.	General IT System			
3.	Budget and Planning System			
4.	Purchasing System			
5.	Material System			
6.	Compensation System			
7.	Labor System			
8.	Indirect and ODC System			
9.	Billing System			
10.	Estimating System			

2. System Deficiencies Impacting The Scope of Audit

For each system where increased testing for “contract reporting” is documented in Section IV of the ICAPS, document the specific system deficiencies and their potential impact on this audit. For example, document the impact of a system deficiency on the nature and extent of testing required of the contractor’s policies and procedures for preparation of CCDRs; and the impact on the nature and extent of testing of report data necessary to determine the impact of the internal control deficiency on specific contracts. If applicable internal controls covering certain areas under the audit have not been reviewed and tested for operational effectiveness, control risk must be assessed at the maximum, and an increase in substantive testing for those areas should be planned accordingly.

[Contractor Name]
[City, ST]

Proforma Workpaper CCDD Audits
REVIEW OF RELEVANT INTERNAL CONTROL DATA

1. Review of Internal Controls and Assessment of Control Risk

a. Refer to the Internal Control Questionnaire (ICQ) or other permanent file documents to gain an understanding of the relevant contractor systems. Document below completion of this step by providing specific reference to (or hyperlink) information reviewed. If completion of an ICQ is not required (CAM 5-111.1a) and the significant and relevant internal controls, if any, are not documented in the ICQ or permanent file, you must gain an understanding of these internal controls and document it briefly below. This documentation should include a reference to (or documentation of) the contractor's policies and procedures, if any, for (1) estimating, (2) identifying and segregating unallowable costs and directly associated costs, and (3) excluding such costs from contract cost reports submitted to the government. If applicable internal controls have not been reviewed and sufficiently tested for operational effectiveness, control risk must be assessed at the maximum (CAM 5-102a and 5-111).

<input type="checkbox"/> Maximum Control Risk	<input type="checkbox"/> Below Maximum Control Risk
<i>Control risk is assessed at maximum because (i) it is more efficient to perform substantive testing than perform tests of internal controls or (ii) the internal controls are ineffective or nonexistent.</i>	<i>(Control risk can only be assessed below maximum if significant internal controls have been reviewed and sufficiently tested for operational effectiveness. If control risk is assessed below maximum, document/reference below the audit assignment where the tests of controls were performed that supports the assessment.)</i>

b. Is the contractor's submission supported by data from computer-based systems on which you will significantly rely to reach your conclusion?

Yes ☐

No ☐

If yes, document or reference below one or more of the following: (1) where the reliability of the data was sufficiently established in other DCAA audits (e.g., floor checks or incurred cost audits) or by other non-DCAA auditors (CAM 4-1000), (2) the audit procedures being performed in this audit to evaluate the contract cost reports that will also support reliance on the evidential matter, and/or (3) the tests that will be performed in this audit that will be specifically designed to test the reliability of the computer based data. When sufficient work is not performed to

B-2 (1/2)

Auditor:	
Date:	

Enclosure 5

[Contractor Name]
[City, ST]

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REVIEW OF RELEVANT INTERNAL CONTROL DATA

determine reliability (i.e., reduce audit risk to an acceptable level), qualify the audit in accordance with CAM 10-210.4 and 10-1204.4.

Auditor:	
Date:	

[Contractor Name]
[City, ST]

Proforma Workpaper CCDD Audits
REVIEW OF RELEVANT INTERNAL CONTROL DATA

Note the area(s) that may require technical assistance or assist audit. Include below your determination of the need for technical assistance/assist audits based on risk assessment.

1. Technical Assistance:

- | | | | | | | | |
|----|---|-------|-----|-------|----|-------|-----|
| a. | Classification of Recurring and Nonrecurring Costs:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| b. | Classification of Cost by Functional Area:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| c. | Calculation of Equivalent Units:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| d. | Estimate at Completion:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| e. | Other Technical Assistance:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |

2. Assist Audits:

- | | | | | | | | |
|----|--|-------|-----|-------|----|-------|-----|
| a. | Corporate Assist Audits:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| b. | Subcontractor Assist Audits:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| c. | Other Assist Audits:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |

B-2 (2/2)

Auditor:	
Date:	

Enclosure 5

[Contractor Name]
[City, ST]

Proforma Workpaper CCDR Audits
REVIEW OF RELEVANT INTERNAL CONTROL DATA

Note the area(s) that may require technical assistance or assist audit. Include below your determination of the need for technical assistance/assist audits based on risk assessment.

1. Technical Assistance:

- | | | | | | | | |
|----|---|-------|-----|-------|----|-------|-----|
| a. | Classification of Recurring and Nonrecurring Costs:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| b. | Classification of Cost by Functional Area:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| c. | Calculation of Equivalent Units:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| d. | Estimate at Completion:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| e. | Other Technical Assistance:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |

2. Assist Audits:

- | | | | | | | | |
|----|--|-------|-----|-------|----|-------|-----|
| a. | Corporate Assist Audits:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| b. | Subcontractor Assist Audits:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |
| c. | Other Assist Audits:
NOTES: | _____ | Yes | _____ | No | _____ | N/A |